

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AF-06

IO-10 SAM-01 SIL-01 LAB-04 OIC-02 EB-07 COME-00 OMB-01

TRSE-00 XMB-02 FRB-03 /096 W
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R 181648Z SEP 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2976

INFO AMEMBASSY LISBON

AMEMBASSY MADRID

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AMCONSUL FRANKFURT

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E.O. 11652: N/A

TAGS: PINT, PFOR, GW, PO

SUBJECT: PORTUGUESE SOCIALIST PARTY LEADER MARIO

SOARES VISITED FRG SEPTEMBER 15-16

REF: FRANKFURT 6149

SUMMARY: DURING HIS TWO-DAY VISIT TO THE FEDERAL
REPUBLIC, PORTUGUESE SOCIALIST PARTY LEADER SOARES
MET WITH WEST GERMAN GOVERNMENT LEADERS, ADDRESSED THE
SPD EXECUTIVE BOARD, AND BRIEFED HIS SPD SUPPORTERS
ON THE CURRENT SITUATION IN PORTUGAL. SOCIAL DEMOCRATIC
OFFICIALS ARE OPTIMISTIC ABOUT RECENT DEVELOPMENTS IN
PORTUGAL. THE SPD CONTINUES TO SEND FINANCIAL
ASSISTANCE TO THE SOCIALISTS IN PORTUGAL. WILLY BRANDT
AND OTHER PARTY OFFICIALS BELIEVE THAT STABILIZATION
OF THE PORTUGUESE ECONOMY IS NECESSARY IF DEMOCRACY
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IS TO SURVIVE. END SUMMARY

1. PORTUGUESE SOCIALIST PARTY LEADER MARIO SOARES MADE A BRIEF VISIT TO THE FRG SEPTEMBER 15-16. IN THE COURSE OF HIS VISIT HE MET WITH CHANCELLOR SCHMIDT AND FOREIGN MINISTER GENSCHER. SOARES ALSO MET WITH THE EXECUTIVE BOARD OF THE SOCIAL DEMOCRATIC PARTY AND ADDRESSED 1500 SPD MEMBERS AT A MEETING IN FRANKFURT (REFTEL).

2. SOARES BRIEFED HIS SPD HOSTS ON THE CURRENT SITUATION IN PORTUGAL. HIGHLIGHTS, ACCORDING TO SPD SOURCES IN CONVERSATIONS WITH THE LABOR ATTACHE, WERE:

(A) ON FORMING AN INTERIM GOVERNMENT: SOARES CLAIMED THAT HE HAD REJECTED ADMIRAL AZEVEDO'S OFFER TO FORM A GOVERNMENT WITH TWO COMMUNIST MINISTERS AND THE REST SOCIALISTS. THEN ADMIRAL AZEVEDO ASKED SOARES TO FORM A GOVERNMENT. SOARES WANTS TO FORM A GOVERNMENT WITH 6 SOCIALIST MINISTERS, 2-4 PPD MINISTERS AND 1 OR 2 COMMUNIST MINISTERS. HE PROPOSED THE PORTUGUESE AMBASSADOR IN BONN, DR. ERNANI RODRIGUES LOPES, WHO BELONGS TO THE PPD, AS FINANCE MINISTER SINCE HE IS A TALENTED ECONOMIST AND FINANCIAL EXPERT. HOWEVER, THE COMMUNISTS STRONGLY OBJECTED TO THIS PROPOSAL AND HIS NOMINATION WAS DROPPED. SOARES CLAIMS HE IS ACTING FOR AZEVEDO IN TRYING TO FORM THIS GOVERNMENT AND HAS AZEVEDO'S AGREEMENT THAT NEW NATIONAL AND COMMUNAL ELECTIONS WILL BE HELD IN FEBRUARY 1976. SOARES DOES NOT PLAN TO PARTICIPATE IN THE PROVISIONAL GOVERNMENT AND WILL CONCENTRATE ON TRYING TO ESTABLISH PEACE AND STABILITY IN PORTUGAL AND TO PREPARE FOR THE PLANNED FEBRUARY 1976 ELECTIONS.

(B) ON TRADE UNION ELECTIONS: DURING THE LAST MONTH, THE POLITICAL SITUATION HAS CHANGED IN THE LABOR MOVEMENT WITH THE INFLUENCE OF THE COMMUNIST DOMINATED INTERSINDICAL DIMINISHED AND THE SOCIALISTS WINNING TWO SIGNIFICANT TRADE LIMITED OFFICIAL USE

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UNION ELECTIONS IN THE BANK AND OFFICE WORKERS UNION AND THE INSURANCE WORKERS UNION. THE LARGE METALWORKERS UNION, WHERE THE COMMUNISTS ARE STRONG, HAS SCHEDULED ELECTIONS IN OCTOBER AND SOARES HOPES FOR A SOCIALIST VICTORY IN THIS IMPORTANT UNION ELECTION.

(C) ON THE ICFTU AND CONTACTS WITH AMERICAN

UNIONS: THE ICFTU HAS INVITED SOARES TO THE
ICFTU CONGRESS IN MEXICO CITY. A DELEGATION OF
AMERICAN TRADE UNIONISTS ALSO WILL VISIT PORTUGAL
IN SEPTEMBER.

(D) ON FOREIGN CAPITAL: SOARES CLAIMED THAT HE
WILL WORK TO CREATE A BETTER CLIMATE FOR PRIVATE
AND FOREIGN INVESTMENT IN PORTUGAL AND WOULD
ATTEMPT TO ESTABLISH A CLEAR DIVISION BETWEEN

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NATIONALIZED SECTORS AND THE PRIVATE SECTOR.
SOARES CLAIMED THE NATIONALIZATION OF THE
PORTUGUESE BANKS HAD ALREADY CREATED A ONE BILLION
ESCUDO DEFICIT AND THAT THE NEW GOVERNMENT WOULD

TRY TO REORGANIZE THESE NATIONALIZED BANKS, BUT
DENATIONALIZATION WOULD NOT BE POLITICALLY
POSSIBLE AT THIS STAGE.

3. SPD SOURCES BELIEVE THAT SOARES HAS MATURED AS A
POLITICAL LEADER AS A RESULT OF HIS CONFLICT AND
EXPERIENCES WITH THE COMMUNISTS. THESE SPD SOURCES
ALSO PRAISE HIM FOR ACHIEVING A UNIQUE POLITICAL
VICTORY IN REDUCING THE COMMUNIST INFLUENCE IN THE
MILITARY, GOVERNMENT AND TRADE UNIONS AND STILL USING
PEACEFUL MEANS.
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4. COMMENTING ON THEIR CONVERSATIONS WITH SOARES AND
PPD REPRESENTATIVES ABOUT THE PPD PARTY, SPD SOURCES
HAVE CONCLUDED THAT THE PPD IS ALSO A SOCIAL DEMOCRATIC
TYPE PARTY. HOWEVER, IT HAS A LESS AUTHENTIC LABOR BASE
SINCE IT RECEIVES MUCH OF ITS FINANCIAL SUPPORT FROM
EMPLOYER GROUPS. IT ALSO SUFFERS FROM INTERNAL
DISSENSION BETWEEN ITS TOP LEADER, WHO IS NOW ALLEGEDLY
OUTSIDE OF THE COUNTRY AND COOPERATING WITH SPINOLA,
AND ITS ACTING LEADER IN LISBON WHO IS SOMEWHAT
DISCREDITED BY ALLEGATIONS INVOLVING MISUSE OF FUNDS
WHILE HE WAS IN EXILE.

5. SOARES, ACCORDING TO SPD SOURCES, HAS NO ILLUSIONS
ABOUT COMMUNIST GOALS IN PORTUGAL AND HAS CONSTANTLY
COMPLAINED TO THE SPD ABOUT THE LARGE-SCALE FINANCIAL
HELP THE PORTUGUESE COMMUNISTS RECEIVE FROM THE GDR.
HOWEVER, SOARES TOLD SOCIAL DEMOCRATIC OFFICIALS THAT
HE BELIEVES IT IS ABSOLUTELY NECESSARY TO HAVE COM-
MUNIST PARTICIPATION IN THE "GOVERNMENT OF NATIONAL
SALVATION" IN ORDER TO HAVE SOME CONTROL OVER THEM.
GOVERNMENT PARTICIPATION WILL ALSO REQUIRE THE COMMU-
NISTS TO ACCEPT PUBLIC RESPONSIBILITY FOR GOVERNMENT
ACTIONS.

6. THE SPD IS GIVING FINANCIAL SUPPORT TO THE SOARES
PARTY BUT GERMAN SOCIAL DEMOCRATS DO NOT DISCUSS THE
MAGNITUDE OF THEIR ASSISTANCE. ONE SOCIAL DEMOCRATIC
AIDE SAYS THAT IT IS CONSIDERABLY LESS THAN THE AMOUNT
THE EAST GERMANS ARE GIVING TO THE PORTUGUESE COMMU-
NISTS.

7. SPD PARTY OFFICIALS ARE MORE OPTIMISTIC ABOUT
PORTUGUESE DEVELOPMENTS THAN THEY WERE A FEW MONTHS
AGO. THEY BELIEVE THAT THE TREND IS RUNNING AGAINST
THE COMMUNISTS, BUT THAT ECONOMIC STABILITY MUST BE
ESTABLISHED IN PORTUGAL IF DEMOCRACY IS TO SURVIVE.

THEY ALSO BELIEVE THAT SOARES' RECENT VISIT WILL
ENHANCE HIS SUPPORT WITHIN PORTUGAL BY DEMONSTRATING
HIS CLOSE LINKS WITH WESTERN NATIONS THAT CAN HELP
PORTUGAL ECONOMICALLY.
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